

DEPARTMENT OF HUMAN RESOURCES FAMILY INVESTMENT ADMINISTRATION	FOOD SUPPLEMENT PROGRAM MANUAL	
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213.1 Purpose

This section contains instructions for determining monthly income and expenses.

213.2 General Information

Base monthly income on a calendar month when determining eligibility and the allotment amount. For initial applications, consider the income for the entire month of application. For timely recertifications, the income anticipated for the certification period beginning in the month following the expiration month is considered. Determine the monthly income as for initial applications if the application for recertification is not made timely.

NOTE: The policy described in this section applies to most households. However, procedures may differ for certain special households. Refer to Sections 101 – 109 of this manual for procedures to be used in circumstances with special households.

213.3 Determining Income

A. Anticipating Income

1. Anticipate income received during the month of application and income reasonably expected to be received during the remainder of the certification period when determining eligibility and the monthly allotment.
2. Do not count as income to the household if uncertain about the amount of income or when it will be received.
3. The household has the responsibility to report the income when it becomes aware of a change. The income is then processed as a reported change.
4. Use the following guidelines when anticipating income:
 - (a) Use past income as an indication of the amount anticipated to be received. Do not automatically substitute actual past income for the anticipated amounts.
 - (b) Income received during the past 30 days may be used as an indication, unless a change is anticipated or income fluctuates so much over a period of time that it does not accurately indicate the amount. In those cases, a longer period of time may be used.

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213.3 Determining Income (continued)

(c) In cases where income fluctuates seasonally, use figures from the most recent season comparable to the certification period as one indicator of anticipated income. Consider possible variations in seasonal income if anticipated at the time of certification.

B. Income Only in the Month Received

1. Count anticipated income only in the month(s) it is expected to be received, unless the income is averaged (see below), or income is withheld at the request of the employee.
2. Whenever a full month's income (either earned or unearned) is received on a weekly or biweekly basis, convert the income to a monthly amount by multiplying weekly amounts by 4 and biweekly amounts by 2.

EXAMPLE: A parent applies for Food Supplement Program (FSP) benefits for herself and two children. She has gross earnings of \$150 per week. All other FSP requirements are met.

$$\begin{array}{r} \$150 \text{ (gross weekly earnings)} \\ \times 4 \text{ (conversion factor)} \\ \hline \$600 \text{ (gross monthly earnings)} \end{array}$$

3. Whenever income is received less often than monthly or a full month's earned income is anticipated and received on a monthly basis, the amount is counted without using a conversion factor.

EXAMPLE: A FSP applicant has \$600 in gross monthly earnings. He is paid monthly. All other FSP requirements are met. \$600 is the amount of income used to determine the eligibility and allotment.

4. Allow a 20% earned income deduction for households with earnings. Allow a 50% earned income deduction for self-employment income (the 50% deduction represents the cost-to-produce). The 20% earned income deduction is then applied to the net income amount.
5. Do not count nonrecurring lump sum payments as income. Consider them as a resource in the month received.

Remember that resources are not counted for categorically eligible households.

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213.3 Determining Income (continued)

NOTE: In cases where income is withheld at the employee's request, consider the income in the month it would otherwise have been paid to the employee. However, current or past wages held as a general practice of the employer (even if in violation of the law) are not counted as income unless the household anticipates it will ask for and receive an advance. Count advances on wages as income in the month received, provided it can be reasonably anticipated and the advanced wages were not already counted as income.

C. Income Averaging

1. Averaging income means to average between the months of the certification period. This method is generally used when income varies greatly between months during the certification period.
2. A household may elect to have its income averaged.
3. In order to average, the local department and the household must predict the amount of the household's income over the certification period.
4. The number of months used to arrive at the average income need not be the same number of months in the certification period. If a household is reasonably certain the fluctuation shown by the month of application and the prior one or two months represents the expected fluctuations in income for the certification period, average those month's income and project it over the certification period.

EXAMPLE: A household applies for FSP benefits in April. Its monthly income is \$500 for April, \$540 for February, and \$400 for March.

$$\$500 + \$540 + \$400 = \$1,440$$

$$\$1,440 \text{ divided by } 3 = \$480 \text{ (average gross monthly income)}$$

- D. The following households have no option as to how their income is treated. Their income must be averaged:

Households that, by contract (either written or implied), receive their annual income in a period of time shorter than a year. This income must be averaged over a twelve-month period, provided it is not received on an hourly or piecework basis. Count income received hourly or on a piecework basis as any other source of income.

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213.3 Determining Income (continued)

NOTE: The policy in D above does not apply to migrant or seasonal farm workers.

1. Self employed households with stable annual income
2. Salaried school employees regardless of whether they are paid for 10 or 12 months of the year. This income must be annualized. Calculate the income for school employees who are paid an hourly wage according to the frequency paid.

For example, a school cafeteria worker who is paid an hourly wage has no income from the school in the summer months that the school cafeteria is not open.

213.4 Determining Deductions

- A. Deductible expenses include only certain costs of dependent care, medical needs, child support payments and shelter as described in Section 212 of this manual.
- B. Expenses are deductible only if the service is rendered by someone outside the household and the household makes a monetary payment for the service. For example, a dependent care deduction is not allowed if a household member provides the care, or compensation for the care is provided in the form of an in-kind benefit, such as food.
- C. **An expense covered by an excluded vendor payment or reimbursement is not deductible.**

EXAMPLE 1:

The portion of medical expenses covered by insurance, or the portion of a shelter cost paid by an individual outside the household:

A household's rent is \$600. Someone outside the FSP household pays \$325 directly to the landlord. Count only \$375 as an allowable shelter cost.

NOTE: This applies only to excluded vendor payments. If a vendor payment for shelter costs, medical expenses, or dependent care is not excluded, and therefore counted as income, the expense is deductible.

- A. Deductions, unless averaged (see below), are allowed only in the month the expense is billed or otherwise becomes due, regardless of when the household intends to pay the expense. For example, rent or child care payments that are

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due each month must be included in the household's deductions, even though they may not yet be paid.

213.41 Billed Expenses

EXCEPTION: Medical expenses that may be covered by insurance, Medicare, Medicaid, etc., are not considered billed to the household until a statement is received showing the amount of payment made by the insurer, or other proof of insurance payment is provided. Therefore, if a medical service covered by insurance is performed and the household is provided a bill that day, the expense is not allowed until the household receives a statement from the provider or insurer showing the amount owed by the household after the insurance payment is made. (Allow the expense if the insurance payment can be verified through a collateral contact.)

- B. Amounts carried forward from a past billing period are not deductible, even if included with the most recent billing and actually paid by the household.

Example: Late charges for not paying property taxes on time are not allowable deductions.

- C. Past due amounts included with the most recent bill are not deductible, even though actually paid by the household. Exception: In order for such expenses to be allowed, the household must have a repayment agreement that was arranged before the initial bill became past due.
- D. Medical expenses are the exception to the policy that allowable expenses can only be deducted when they are due. The household may report and verify at recertification medical bills incurred in the prior certification period that have been paid in the current period or have a repayment agreement implemented.

213.42 Averaging Expenses

- A. A household may elect to have fluctuating expenses averaged.
- B. Expenses that are billed less often than monthly may be averaged forward over the interval between scheduled billings.
- C. The expense may either be averaged over the certification period or deducted in full in the month billed, at the household's option.
- D. The household may elect to have one-time-only expenses averaged over the entire certification period in which they are billed.

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213.42 Averaging Expenses (continued)

EXCEPTION: Households wishing to average one-time-only medical expenses reported during the certification period must have the expenses averaged over the remaining months of the certification period. Averaging begins the month the change is effective. This includes medical bills reported in the last month of the certification period, i.e. average bills over the certification period as long as there is no break in certification. For example, if a household certified in October for 12 months reports a new, one-time-only medical bill early in July and wants to average this expense, it would be averaged over August and September.

E. One-time medical expenses incurred **during the first 12 months** of a **24 month certification** may be:

1. Deducted for one month,
2. Averaged over the remaining months of the first 12 months,
3. Averaged over the remaining months of the certification.

F. One-time medical expenses incurred **after the first 12 months** of a 24 month certification may be:

1. Deducted for one month or
2. Averaged over the remaining months of the certification period.

Reminder: If the household chooses to have the one-time expense averaged over the remaining months of the first 12 months of a 24 month certification period the case manager must remove the deduction for the 2nd 12 months of the certification period.

213.43 Anticipating Expenses

- A. Base household expenses on expenses the household expects to be billed for during the certification period.
- B. Base anticipation of the expense on the most recent month's bills, unless the household is reasonably certain a change will occur.

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213.43 Anticipating Expenses (continued)

C. When the household has only one utility that does not include heat or air conditioning or phone, it is not entitled to a utility standard or phone allowance. The household must provide a current bill, statement by the provider or collateral contact on which to base the anticipation of utility expenses. Once this has been provided, the local department must ask the household whether it expects this amount to change during the certification period. If the household expects changes, use one of the following methods to anticipate changes during the certification period:

1. Use last year's bills from the same period and update by overall price increases.
2. Use utility company estimates for the type of dwelling and utilities used if only the most recent bill is available.
3. Another reasonable method, agreed upon by the local department and the household.

NOTE: Do not average past expenses, such as bills for the last several months, as a method of anticipating utility costs for the certification period when seasonal changes in the rate of utility usage will occur.

Document in the case narration the basis for the anticipated utility expenses (i.e. household estimate, last year's bills with rate increase update, utility company estimate, etc.).

213.44 Conversion of Deductions

The income conversion procedures described in 213.3 B of this section also apply to expenses billed or costs incurred on a weekly or biweekly basis.

213.5 Calculating the Child Support Deduction

- A. The child support deduction is deducted from countable income. The deduction cannot exceed the countable income of the individual paying the child support.
- B. Calculate the child support deduction as shown in the following examples:

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Example 1:

John Smith receives FS for himself, his wife Mary and their two children.

John also pays court ordered child support of \$50 per week to his former wife for two children. John provides verification that he pays child support and is allowed a deduction of \$200 per month for the child support he pays for children who do not live with him.

\$50 per week
x 4 weeks per month
 \$200 per month

Example 2:

John's hours at work begin to fluctuate and as a result he changes how much child support he pays. He is still court ordered to pay \$50 per week but he does not always pay it. For 4 weeks in May he paid \$25, \$30, \$15 and \$45. For 4 weeks in June he paid \$30, \$35, \$40, and \$40. The case manager averages the child support by adding the eight weeks together (\$260) and dividing by 8 (\$32.50 per week).

\$32.50 per week
x 4 weeks per month
 \$130 per month child support deduction

Count \$130 per month as a child support deduction for the months of the certification period or until John reports and verifies he is paying a different amount.

NOTE: Remember this is a deduction. Do not round down to the nearest dollar until after the monthly deduction is calculated. In this example, if the monthly deduction had been calculated as \$130.55 the deduction would be rounded to \$130.

Example 3:

Mary Smith also has a court order to pay child support for 1 child who lives with the child's grandmother. Mary is ordered to pay support of \$100 per month.

Mary provides verification she is court ordered to pay support but she lost her job and has no money to pay the support. Mary is not entitled to a child support deduction.

213.6 Rounding

- A. When doing a manual calculation, compute net monthly income by rounding down to whole dollar amounts by dropping all cents.
- B. Round down before and after each calculation, except for the computation of shelter costs and medical costs. For example, drop any cents in gross weekly

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earnings before adding fluctuating pays and applying the weekly conversion factor. Retain cents for any hourly or daily amounts until after the weekly amount is determined.

Fluctuating weekly earnings:

~~\$42.85~~

~~\$53.61~~

~~\$52.79~~

~~\$41.27~~

~~\$49.36~~

\$237.00 Divided by 5= \$47.40 X 4 = \$188.00 monthly

C. Compute shelter and medical costs using exact dollar and cents amounts.

\$60.00 Rent

\$ 9.08 Phone

\$20.50 Utilities

~~\$89.58~~ Total shelter costs

\$50.75 Prescriptions

\$60.00 Doctor's visit

\$15.60 Transportation

~~\$126.35~~ Total medical costs

D. Drop the cents from the total shelter and medical costs before determining the shelter and/or medical deduction.